ALBERTA
ECONOMIC
DEVELOPMENT

2003 – 2004

ANNUAL REPORT

105-02597/

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PREFACE

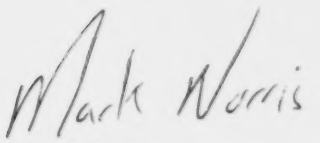
The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 21, 2004 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Economic Development contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This Ministry annual report also includes other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as part of financial statements, to the extent that the Ministry has anything to report.

MINISTER'S ACCOUNTABILITY STATEMENT

The Ministry's Annual Report for the year ended March 31, 2004, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 14, 2004 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.



Mark Norris
Minister of Economic Development

MESSAGE FROM THE MINISTER

Through a combination of economic opportunity, hard work on the part of individuals, and a fiscally responsible government, our province has prospered. Compared to other provinces, Alberta has maintained the highest average annual growth in real gross domestic product (GDP) over the past 20 years.

During the 2003-04 fiscal year, the department supported the economic success of the province in critical areas where government has a clear mandate, such as strengthening international trade relationships in key geographic markets and the promotion and development of the tourism industry. This was accomplished through a close working relationship with industry and other government departments.

Alberta Economic Development will continue to build on the success of the past year in keeping with the vision of Alberta as the best place in the world to live and do business. It will continue to support regional prosperity through regional economic development alliances, facilitate international trade through our network of international offices, promote investment into the province and market Alberta as a world-class tourist destination.

In addition, the department will lead implementation of the new value-added strategy *Securing Tomorrow's Prosperity*. The strategy is a long-term policy framework that encourages the growth of Alberta's value-added industries. It is the economic pillar of the Alberta Government's 20-year plan for the province. Last year, we gained widespread support and formal approval for the strategy.

Implementation of the strategy is well underway. Progress toward a more innovative economy with higher value jobs will be accomplished by ensuring a knowledgeable workforce, a positive business climate and first class infrastructure; by strengthening the innovation system; and by supporting small and medium sized enterprises. We will focus on key industries, such as oil and gas, agri-food, building and wood products, and information and communications technologies.

Through the framework provided by the value-added strategy, and by continuing to focus on key initiatives that create the environment for business to prosper, we will maintain our province's economic success and prepare Alberta for the future.

Mark Norris

Mark Norris
Minister of Economic Development

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The Ministry of Economic Development includes the Department of Economic Development.

The executives of the department have the primary responsibility and accountability for the department. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Economic Development. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,

- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Economic Development any information needed to fulfill their responsibilities and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executives of the department.

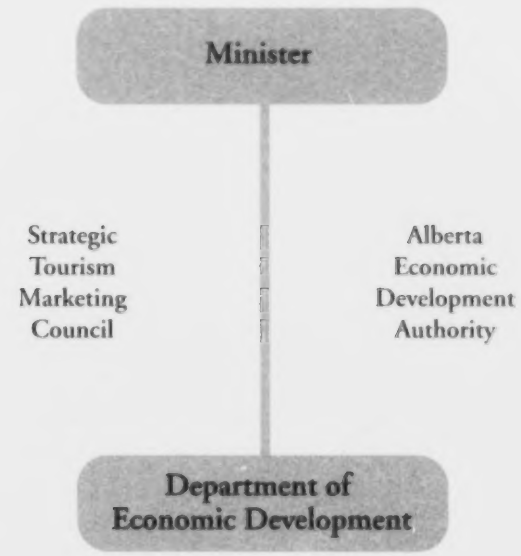
Rory Campbell
Deputy Minister
Ministry of Economic Development

SEPTEMBER 14, 2004

OVERVIEW

MINISTRY ENTITIES

The Ministry of Economic Development includes the Department of Economic Development and two key advisory bodies: the Alberta Economic Development Authority (AEDA) and the Strategic Tourism Marketing Council (STMC). AEDA represents the private sector and works in partnership with government to help shape policy by providing advice on business and economic development issues. The STMC includes both government and private sector representation and provides guidance regarding tourism marketing strategies.



Vision

Alberta is the best place in the world to live and do business.

Mission

To facilitate business and community prosperity.

Alberta Economic Development Authority (AEDA)

- A private sector, volunteer advisory body that works in partnership with the government to help shape policy and economic strategies by providing advice on business and economic development issues.
- Visit www.alberta canada.com/aeda/aedaabout.htm for more information about the Authority, including AEDA's annual Activity Report.

Strategic Tourism Marketing Council (STMC)

- An advisory body with both government and private-sector representation.
- It provides guidance to the Travel Alberta secretariat regarding tourism marketing.
- It also develops the strategic Tourism Marketing Plan.

OPERATIONAL OVERVIEW

Alberta Economic Development works in partnership with business, industry associations, other provincial ministries and governments to:

- provide quality information and competitive intelligence,
- increase the growth and competitiveness of value-added sectors,
- expand export and trade,
- facilitate regional economic development,
- attract investment and
- promote tourism.

Corporate offices are located in Edmonton and Calgary, but operations are also carried out regionally and internationally. Regional economic development offices are located in Grande Prairie, Peace River, St. Paul, Edson, Camrose, Red Deer, Lethbridge and Medicine Hat. Investment attraction and trade development initiatives are supported by international offices in China, Hong Kong, Japan, South Korea, Taiwan, Mexico, Germany and the United Kingdom. The office in London officially opened on November 26, 2003.

Tourism marketing initiatives are carried out through Travel Alberta, located in Calgary. The Strategic Tourism Marketing Council provides guidance to Travel Alberta and develops the Strategic Tourism Marketing Plan. In turn, Travel Alberta manages contracts with agencies for both in-province and international and national tourism marketing. Along with destination awareness campaigns, tourism marketing projects are carried out in partnership with the private sector. Travel Alberta also provides tourism marketing support to six Tourism Destination Regions throughout the province.

In support of tourism marketing, the department provides tourism services through a centralized contact centre, 10 visitor information centres and the TravelAlberta.com Web site. In addition, Alberta Economic Development works with tourism operators, investors, developers and other stakeholders to develop, enhance and expand Alberta's tourism product base.

The department also houses the Alberta Film Commission, which markets Alberta as a filming location, assists filmmakers with location information and scouting and operates as a liaison with facilities, services, businesses and government.

MINISTRY ENTITIES

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Minister

Strategic Tourism Marketing Council

Alberta Economic Development Authority

Department of Economic Development

Alberta is the best place in the world to live and do business.

To facilitate business and community prosperity.

OPERATIONAL OVERVIEW

Alberta Economic Development works in partnership with business, industry associations, other provincial ministries and governments to:

- *[illegible]*
- *[illegible]*
- *[illegible]*
- *[illegible]*

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RESULTS ANALYSIS

DEPUTY MINISTER'S MESSAGE

Working with Alberta businesses to expand the province's economy is the main focus of the department's work. Whether helping businesses to improve their productivity, compete for international projects or explore new export markets, Alberta Economic Development works with business and industry to identify their needs and help meet them.

The business community has always played a significant role in shaping this province, its economy and our superb quality of life. By supporting and assisting our province's businesses, we help them to continue leading, innovating and keeping Alberta prosperous.

Often, our work entails providing information, such as online strategic intelligence, training and educational workshops. We assist companies with export issues and work with industries to attract investment. We also help Alberta businesses to take a broader view and prepare for the future, by making productivity improvements, diversifying products and markets or innovating.

Always, we promote Alberta — the capabilities of our companies, the province's competitive and attractive business environment and Alberta's appeal as a world-class vacation destination.

One important initiative last year was Innovative Manufacturing Week, coordinated in partnership with the Canadian Manufacturers and Exporters, Western Economic Diversification Canada, Edmonton Economic Development Corporation, the Canadian Plastics Industry Association and other industry and regional stakeholders. More than 900 manufacturing organizations and individuals participated in events that demonstrated manufacturing innovation and provided information to improve global competitiveness.

An Alberta office was opened in London, England. The UK market is important to trade and investment in Alberta, and this office will assist in both areas. The department now has offices in eight key international markets to support business in these regions.

To respond to Alberta's growing need for more skilled workers, the existing two-year pilot Provincial Nominee Program was extended for an additional year to March 2005. Alberta's allocation of provincial nominees was doubled, enabling eligible Alberta employers to hire an additional 400 foreign workers.

In March 2004, Alberta Economic Development and the Alberta Economic Development Authority co-hosted the first National Symposium on Regional Economic Development Best Practices. Through support for regional economic development alliances province-wide, the department is encouraging local business development and helping to build community prosperity throughout Alberta.

Through Travel Alberta, the department also developed and partnered with a number of organizations to deliver marketing programs that promote Alberta as an ideal vacation destination.

These initiatives provide just a few highlights of the support that Alberta Economic Development provided to Alberta's entrepreneurs last year.

Rory Campbell
Deputy Minister
Ministry of Economic Development

REPORT OF THE AUDITOR GENERAL ON THE RESULTS OF APPLYING SPECIFIED AUDITING PROCEDURES TO PERFORMANCE MEASURES

AUDITOR GENERAL *Alberta*

TO THE MEMBERS OF THE LEGISLATIVE ASSEMBLY

In connection with the Ministry of Economic Development's performance measures included in the *2003-2004 Annual Report of the Ministry of Economic Development* I have:

1. Agreed information from an external organization to reports from the organization.
2. Agreed information from reports that originated within the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. Checked that the presentation of results is consistent with the stated methodology.
4. Checked that the results presented are comparable to stated targets, and information presented in prior years.
5. Checked that the performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2003.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit and therefore I express no opinion on the performance measures included in the *2003-2004 Annual Report of the Ministry of Economic Development*.

Fred J. Dunn, FCA
Auditor General

EDMONTON, ALBERTA
AUGUST 28, 2004

DISCUSSION AND ANALYSIS OF RESULTS

This section provides a discussion and analysis of financial and non-financial results focusing on the three core businesses of the department.

Financial information for the core businesses is given in the table below. It states the budget and actual spending for the year ended March 31, 2004 and compares this spending with the previous year.

Ministry Expense by Core Business

Year Ended March 31, 2004
(in thousands)

	2004		2003
	Budget before Supplementary Estimate*	Actual	Actual
CORE BUSINESS			
1. Strategic Economic Leadership	$ 3,213	**$ 3,182**	$ 3,450
2. Strategic Intelligence that Drives Industry Development	25,321	**28,248**	23,090
3. Positioning and Promoting Alberta for Tourism, Trade and Investment	22,215	**22,683**	24,290
Support Services	4,185	**3,958**	4,171
Valuation adjustments and other provisions	-	**129**	258
TOTAL MINISTRY EXPENSE	$54,934	**$58,200**	$55,259

* *The ministry received additional supplementary estimate funding of $3.5 million for a BSE market recovery strategy.*

There were a few significant variances between the budget and actual spending for 2003-04. Overspending in the second core business by almost $3 million was primarily due to the Bovine Spongiform Encephalopathy (BSE) market recovery strategy, which required $3.5 million of additional

funding (approved by Treasury Board as a supplementary estimate on December 4, 2003). This overspending was offset by savings of $540,000 in tourism development. Overspending of $468,000 in the third core business was mainly due to additional tourism marketing research approved by the Strategic Tourism Marketing Council.

Expense by Function[1]

Year Ended March 31, 2004
(in thousands)

	2004	
	Budget	Actual
Agriculture, Resource Management and Economic Development		
Department	$ 54,934	**$ 58,200**
	$ 54,934	**$ 58,200**

[1] Expense by function is a report on the ministry's spending according to broad expenditure categories used by the Government of Alberta such as health, education, social services, etc. In the case of Economic Development, the ministry's entire expenses fall within one expenditure category: agriculture, resource management and economic development.

Each core business relates primarily to one of three goals in the 2005-06 business plan, and each goal has two to three objectives. The table below shows the relationship between core businesses, goals, objectives and performance measures.

CORE BUSINESS	GOAL	OBJECTIVES	PERFORMANCE MEASURES
1. Strategic Economic Leadership	• Sustainable economic growth and diversification in Alberta	• To facilitate growth and diversification through collaborative strategic planning and policy • Provide client-driven economic and business information and intelligence • Increase participation of Alberta communities in regional economic development	1.1 Gross Domestic Product 1.2 Employment in Value-added Sectors 1.3 Cost Competitiveness 1.4 Satisfaction with Publications 1.5 Population Included in Regional Alliances and Partnerships 1.6 Regional Alliance Satisfaction with AED Staff Support
2. Strategic Intelligence that Drives Industry Development	• Alberta's organizations are globally competitive	• Increase exports of Alberta value-added goods and services • Increase the competitiveness of Alberta's value-added sectors • Facilitate the growth and expansion of marketable tourism product	2.1 Manufacturing and Service Exports 2.2 Effectiveness of Outgoing Trade Shows and Missions 2.3 Manufacturing Shipments

CORE BUSINESS	GOAL	OBJECTIVES	PERFORMANCE MEASURES
3. Positioning and Promoting Alberta for Tourism, Trade and Investment	• Alberta is viewed by those in our primary markets as an attractive place to live, visit, invest and do business	• Increase Alberta's share of visitors and revenue from targeted Canadian and international tourism markets • Increase awareness of Alberta among potential investors, including target companies, capital investors and economic immigrants (skilled workers and business entrepreneurs) in our primary international markets	3.1 Tourism Industry Revenue 3.2 Share of Overnight Visitors 3.3 Tourism Industry Leveraging 3.4 Dissemination of Tourism Information 3.5 Manufacturing and Services Industry Investment 3.6 Effectiveness of International Offices

The following reports on results related to the goals and objectives. For each goal, key achievements are outlined and performance measure results are reviewed. Where appropriate, external factors affecting performance measures have been identified.

Goal One:
Sustainable Economic Growth and Diversification in Alberta

The first goal includes department activities that support economic planning and decision-making. This includes broad economic policy at the provincial level (such as the development of the value-added strategy), economic development strategies at the regional level and decision-making at the company level.

KEY ACHIEVEMENTS

Key achievements for the first goal are given below. These achievements were based on effective collaboration with industry and other government departments, and a commitment to providing timely information and intelligence that support government policy, regional planning and business decision-making.

OBJECTIVE	KEY ACHIEVEMENTS
To facilitate economic growth and diversification through collaborative strategic planning and policy	• Supported the development of the Government of Alberta's 20-year, long-term Strategic Business Plan. • Completed consultations leading to government endorsement of the value-added strategy, *Securing Tomorrow's Prosperity* – the economic component of the Strategic Business Plan – and led the development of an implementation plan. • Prepared a study benchmarking Alberta's economic and innovative performance with selected jurisdictions in the United States and Europe, providing background research for the value-added strategy. • Provided support to the Alberta Economic Development Authority (AEDA), including the Global Business Forum. AEDA's role in the development of policy was also supported. For example, the department assisted AEDA committees tasked with identifying specific initiatives related to the value-added strategy.

OBJECTIVE	KEY ACHIEVEMENTS
To facilitate economic growth and diversification through collaborative strategic planning and policy – cont'd	• Collaborated with industry and other government departments to strengthen the Alberta Advantage. For example, Alberta Economic Development worked with Alberta Revenue and Alberta Transportation toward the elimination of the aviation fuel tax on international flights, in order to increase the competitiveness of Alberta's aviation industry. The tax was eliminated in March 2004.
Provide client-driven economic and business information and intelligence	• Provided timely and relevant business and economic information to support our clients with their decision-making processes. This information included reports on economic trends and developments[2], analysis that provided comparative costs of doing business or cost of living[3], research for the tourism industry to provide insights into markets and customers[4], studies identifying export opportunities in key geographic markets and updates on developments in key industries such as the *Oil Sands Industry Update*. • Continued to maintain the Electronic Business Intelligence Service (EBIS), an online service that provides Albertans with competitive intelligence, including pre-tender opportunities, for Mexico's oil and gas and environment industries. EBIS was expanded to include the oil and gas industry in Russia, Kazakhstan and India.

[2] See Table 2 on page 72 for a complete list of economic and business publications.

[3] These reports include *Competitive Alternatives International Study*, an assessment of Alberta's global competitive position in several industry sectors; *2003 Place-to-Place Price Comparison Survey for Selected Alberta Communities*, a report providing cost of living information comparing price levels of goods and services in Alberta communities; and, *A Comparison of Personal Taxes and Cost of Living in Alberta, Canada and the United States*, a comparative analysis of taxation and cost of living for technical/professional employees.

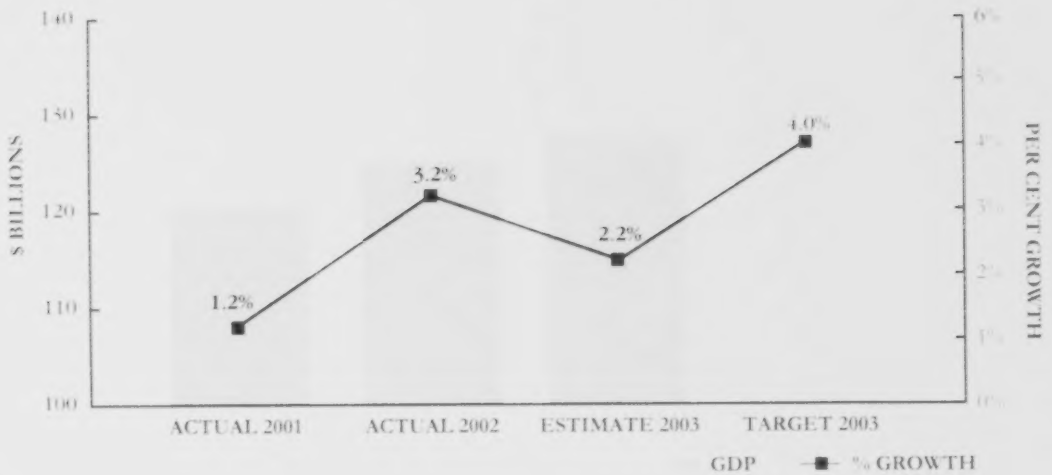
[4] See Table 3 on page 73 for a complete list of tourism research.

OBJECTIVE	KEY ACHIEVEMENTS
Increase participation of Alberta communities in regional economic development	• Supported Regional Economic Development Alliances (REDAs) and their initiatives through a network of regional development offices throughout the province. • Developed memorandums of understanding and funding agreements with three new REDAs[5]. • Co-ordinated a pilot project in northeast Alberta to explore collaboration between Aboriginal communities and REDAs. • Led the Central Alberta Economic Partnership (CAEP) pilot project in five initiatives that demonstrated cross ministry collaboration in regional economic development. The project involved a total of nine ministries and the 37 municipalities of CAEP. • Assisted the Business Link Business Service Centre in meeting the information needs of Alberta's small business community by providing access to accurate, timely and relevant information and referrals. The Business Link's Web site recorded a 30 per cent increase in visitor sessions in the past year. • Co-hosted the National Symposium on Regional Economic Development Best Practices, with the Alberta Economic Development Authority, which brought together economic development stakeholders and professionals from across Canada. • Facilitated the development of four new economic development training modules in cooperation with the Economic Developers Association of Alberta. These modules will enhance the capabilities of local and regional economic development organizations in research, planning, marketing and capacity-building. • Developed and implemented a Best Practices Workshop to encourage the creation of film friendly communities across Alberta.

[5] The new REDAs included the Regional Economic Development Initiative for Northwest Alberta, Mountains to Mountains Economic Regional Initiative, in southwest Alberta, and Southbrook Regional Initiative, Lethbridge and the surrounding area.

PERFORMANCE MEASURES

Results and analysis of the performance measures related to the first goal are provided below. Although the share of employment in value-added sectors – an indicator of diversification – was under target, economic growth was above the national average and cost competitiveness was improved or was maintained for all but one of the sectors tracked. Regarding more direct measures, the vast majority of subscribers to the department's business publications were satisfied and satisfaction among regional economic development alliances was solid. The department also broadened its base of regional economic alliances and partnerships. Communities involved in these initiatives now encompass a population of 2.9 million.



PERFORMANCE MEASURES

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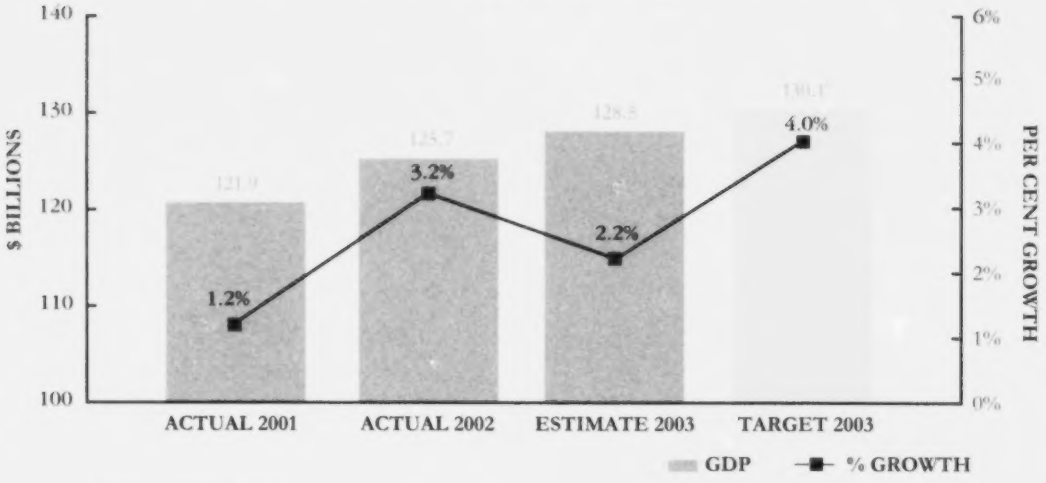
1.1 Gross Domestic Product (GDP)

The constant-dollar GDP for Alberta (1997 dollars).



Source: Statistics Canada

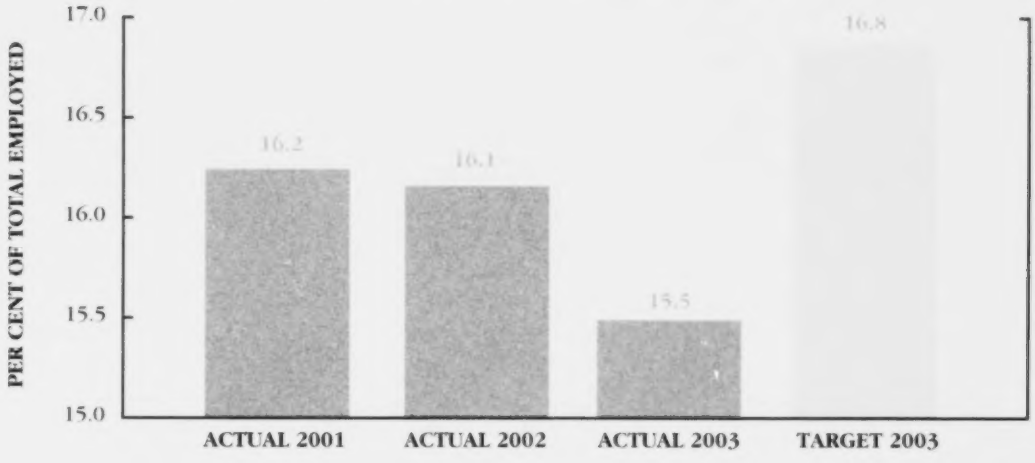
Notes: (A) Actual Figures for 2001 and 2002 are based on the most current data as of July 2003.
(B) Per cent growth figures are calculated from unrounded data.

The target appears in Economic Development – 2003-06 business plan. The data were not later revised by Statistics Canada when more current data became available. However, the growth target of 4.0 per cent is not affected by the revisions.

- Per cent growth in GDP at 2.2 per cent was above the rate for Canada at 1.7 per cent, but under the target of 4.0 per cent. There were lower than expected international export volumes and declines in tourism and natural gas production.

1.2 Employment in Value-added Sectors

Per cent of total annual employment in manufacturing and professional, scientific and technical services



Source: Statistics Canada, Labour Force Historical Review 71F0004XCB (CD-Rom)

- The share of employment in Alberta's value-added sectors declined to 15.5 per cent in 2003, below the target of 16.8. Employment in manufacturing grew only marginally due to global weakness in this sector and there was a decline in professional, scientific and technical services (PSTS). Although the decline in manufacturing and PSTS employment was marginal (less than one per cent), the increase in total employment (by about 2.9 per cent) decreased the share of employment in these two value-added sectors.

1.3 Cost Competitiveness

International ranking of cost competitiveness of Alberta cities based on a comparative cost model[1]

Sectors/Subsectors	Actual 2002-03		Actual 2003-04		Target 2003-06	
	Calgary	Edmonton	Calgary	Edmonton	Calgary	Edmonton
Food Processing	2	1	2	1		
Health Care Products & Services						
• Pharmaceuticals	3	1	2	1		
• Medical Devices	2	1	2	1	To maintain	
• Biomedical R&D	4	1	3[2]	1	or improve	
Information, Communication and Technology (ICT)					ranking	
• Advanced Software	3	1	3	1		
• Electronics Assembly	2	1	2	1		
• Electronic Product Development/Testing	4	1	4	1		
Industrial Machinery/ Metal Components	4	3	5	1		
Plastic Products	5	3	5	2		
Specialty Chemicals	2	1	2	1		

Source: KPMG Consulting

- The target for this performance measure is to maintain or improve the ranking of cost competitiveness. This target was achieved except for one industry in Calgary – the ranking dropped from 4th to 5th for the industrial

These rankings are based on the KPMG custom cost model developed for evaluating the cost competitiveness of business locations. For consistency with the previous comparisons used in the model, six Canadian cities (Calgary, Edmonton, Vancouver, Toronto, Ottawa and Montreal) and four US cities (Boise, Boston, Colorado Springs and Minneapolis) were included for the purpose of this performance measure. Note: Phoenix was included in the model in 2002-03 but not in 2003-04. The following factors are included in the model: initial capital costs for land acquisition and building construction; total annual labour costs, including all benefits; office lease and occupancy costs; utility costs; transportation costs; interest and depreciation charges; federal, regional and local taxes levied on corporations, including significant non-discretionary tax incentives and additional discretionary tax and financial incentives. The ranking integrates the factors and is based on total costs.

[2] Calgary's ranking for the Biomedical Sector was tied for 3rd place with Ottawa.

machinery / metal components sector, when compared to other cities in North America. However, compared to the previous year, the cost ranking improved for two industries in Calgary and two industries in Edmonton. This improvement came despite a significant appreciation of the Canadian dollar (in US dollars) from the previous year.

1.4 Satisfaction with Publications (biennial)

	Actual 2001-02	Actual 2002-03	Actual 2003-04	Target 2003-04
Per cent subscribers satisfied with AED publications	—	96	—	—

Source: Alberta Economic Development

- This performance measure is based on a biennial survey; therefore, results for 2003-04 are not available. The survey was conducted in 2002-03 and will be conducted again in 2004-05. The result of 96 per cent for the previous fiscal year was above the target of 95 per cent.

1.5 Population Included in Regional Alliances and Partnerships[9]

Assesses the scope of the regional alliances and partnerships.

	Actual 2001	Actual 2002	Actual 2003	Target 2003
Population (millions – 2000 data)	2.4	2.6	2.9	2.6

Source: Statistics Canada 2001 Census and Official Population List, Alberta Municipal Affairs

- The scope of regional alliances and partnerships increased to include a population of 2.9 million in 2003, exceeding the target of 2.6 million. Three new regional alliances were formed and some existing alliances increased their membership.

[9] Regional alliances and partnerships include self-selecting communities and supportive partners that utilize a collaborative approach to achieve prosperity. They encompass a defined geographical area based on a shared economic vision for the future.

1.6 Regional Alliance Satisfaction with AED Staff Support[10]

	Actual 2001-02	Actual 2002-03	Actual 2003-04	Target 2003-04
Per cent satisfied with AED support	N/A	89	85	—

Source: Alberta Economic Development

- Eighty-five per cent of the board members of regional economic development alliances were satisfied with the support provided by department staff. A target for 2003-04 was not established in the 2003-06 business plan as baseline data was not available.

These data are based on responses to a survey of members participating in the eight regional alliances during the year. The data indicates the per cent of respondents that stated they were overall very satisfied or somewhat satisfied with AED staff support. The satisfaction rating scale for this survey included five points: very satisfied, somewhat satisfied, neutral, somewhat dissatisfied and very dissatisfied. Fifty-three members responded to the survey out of 130 that were sent.

Goal Two: Alberta's Organizations Are Globally Competitive

The second goal concerns the role of the department in supporting industry development, whether to strengthen exports in key markets, improve overall competitiveness or enhance the province's tourism product.

KEY ACHIEVEMENTS

Key achievements for the second goal are given below. These achievements, such as the BSE market recovery strategy or the lean manufacturing workshops, demonstrate timely initiatives where government involvement was critical and drew on the strength of industry collaboration.

OBJECTIVE	KEY ACHIEVEMENTS
Increase exports of Alberta value-added goods and services	• Organized several successful Premier- and Minister-led missions to international markets to strengthen trade relations and support market entry by Alberta companies. The missions included a visit to Houston and San Jose by Premier Ralph Klein and British Columbia Premier Gordon Campbell; a mission to Washington, D.C., where Minister Norris met with influential US decision makers; a Premier-led mission to Washington, D.C. and New York; a mission to Hollywood where the Minister met with three of the major studios and more than 100 film executives and a mission to the United Kingdom to officially open Alberta's new international office in London. • Participated in trade shows and missions to increase potential exports of Alberta's value-added goods and services. Trade shows and missions included Bio 2003 in Washington, D.C., EnviroPro 2003 in Mexico, KIOGE 2003 in Kazakhstan and a mission with 10 western Canadian firms to the World Bank and Inter-American Development Bank[11].

[11] See Table 1 on page 68 for a complete list of trade shows and missions.

OBJECTIVE	KEY ACHIEVEMENTS
Increase exports of Alberta value added goods and services...cont'd	• Collaborated with other departments to face challenges related to economic performance in key industries. For example, a BSE Market Recovery Strategy was developed in consultation with industry. A total of $3.5 million dollars in supplementary spending was approved for this strategy, which supported high profile BSE activities related to trade advocacy, market access and sector promotion. • Facilitated incoming missions to Alberta, including an aviation mission involving delegations from Sikorsky Aircraft and Lockheed Martin Aerospace, as well as a mission of media delegates from Japan who interviewed several industry leaders and met with Premier Klein regarding Canada's food safety system. The reports of the Japanese delegation were published in September and distributed to a large industry audience in Japan. • Developed and implemented a program entitled Advantage 2003, coinciding with the Spruce Meadows Masters Tournament, to attract senior executives, investors and key decision makers from around the world to Alberta over a four-day period. Twenty international business executives met with more than 80 Alberta companies to discuss business and investment opportunities.

OBJECTIVE	KEY ACHIEVEMENTS
Increase the competitiveness of Alberta's value-added sectors	• Launched the inaugural Innovative Manufacturing Week in partnership with the industry and other government departments. The week featured 19 events throughout Alberta and was attended by more than 900 manufacturing stakeholders. It showcased Alberta manufacturing innovation and provided information to strengthen competitiveness and export potential. • Organized workshops and conferences in partnership with industry associations and other government departments to strengthen productivity through the adoption of new technology or improved manufacturing processes. For example, a western Canadian conference on best practices in lean manufacturing was organized to introduce lean concepts and implementation techniques and workshops on lean manufacturing were delivered across Alberta. Canada's first remote vehicle technology conference and trade show was also held in Calgary. • Facilitated collaboration among industry players to strengthen the development of industry clusters. For example, a buyer-seller forum was organized for Alberta suppliers in the oil and gas industry. As well, a Hydrocarbon Upgrading Task Force was established in cooperation with Alberta Energy and industry leaders to maximize the upgrading of bitumen resources and develop a strong integrated refining and petrochemical cluster in Alberta. • Conducted competitive assessments on 15 Alberta manufacturers, analyzing their operations and actions they can undertake to improve productivity and competitive performance. The majority of these companies are now implementing lean manufacturing practices.

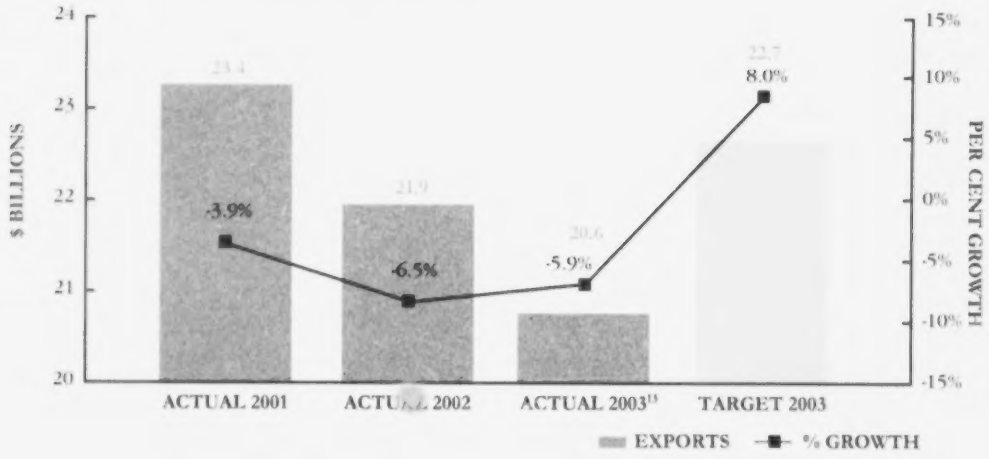
OBJECTIVE	KEY ACHIEVEMENTS
Facilitate the growth and expansion of marketable tourism product	• Supported the growth and development of marketable tourism products through the provision of tourism development information and advice. Information included guidelines for tourism business development, such as the *Tourism Development Handbook for Alberta*, which was updated in 2003, as well as presentations at workshops and conferences. • Partnered with Alberta Transportation to establish a new tourism highway signage policy. The policy will result in consistent visual standards to help direct motorists to their desired destinations. Alberta's tourism industry was also consulted for input into the National Tourism Strategy, a strategy intended to support the growth of Canada's tourism industry. • Coordinated an interdepartmental initiative to assess tourism development opportunities and identify lands for development in eastern Kananaskis. Strategy and lure brochures for marketing development opportunities in the David Thompson corridor, targeted to offshore investors, were also prepared. • Prepared economic impact assessments for several tourism products and attractions including Alberta's historic sites. These assessments quantify the direct and indirect benefits of the attractions to the local and provincial economies. • Undertook a flagship parks study, in cooperation with Alberta Community Development, for key parks in the Alberta system (Cypress Hills, Dinosaur, Writing-on-Stone, Lesser Slave Lake and Kananaskis) to respond to growing tourism market demand and the potential for adjacent communities and regions to provide services and facilities. • Continued to strengthen the collaborative relationship between the province and Parks Canada Agency by hosting Deputy Ministers' meetings and operational planning meetings that encouraged information sharing and early resolution of issues.

PERFORMANCE MEASURES

Results and analysis of the performance measures related to the second goal are provided below. Performance measures related to manufacturing and exports were under target due primarily to external economic factors. Alberta organizations, however, continue to indicate satisfaction with the department's support related to outgoing trade shows and missions.

2.1 Manufacturing and Service Exports[12]

The value of Alberta's international (outside Canada) exports of manufactured goods and services



Source: Alberta Economic Development

Note: Per cent growth figures are calculated from unrounded data.

Prior year numbers have been revised based on the most recent Statistics Canada figures, which are occasionally subject to change.

There are three major components of the value added measure: manufacturing, tourism, and other services (this consists of commercial and transportation services). The manufacturing component is based on commodity values reported in Statistics Canada's Canadian International Merchandise Trade (Cat. No. 65-001). The tourism component is based on Statistics Canada's Tourism's International Travel Survey (Cat. No. 66-201). The methodology for other services has changed from prior years. The "other services" component is estimated in-house by Alberta Economic Development using various sources. Of the $20.6 billion in exports, approximately $5.0 billion or 24 per cent relates to other services and $1.3 billion or 6 per cent relates to tourism.

5.0%
-0.5%

- In 2003, manufacturing and service exports declined by 5.9 per cent to $20.6 billion, below the target of $22.7 billion. This decline was a result of a prolonged slump in the information and technology sector, border closures related to BSE, a strong Canadian dollar, reduced travel and tourism due to severe acute respiratory syndrome (SARS), global uncertainty arising from the war in Iraq and the threat of terrorism.

2.2 Effectiveness of Outgoing Trade Shows and Missions[1]

	Actual 2001-02	Actual 2002-03	Actual 2003-04	Target 2003-04
Per cent of companies who indicated AED was helpful to them in achieving their goals	99	100	94	95
Per cent of companies satisfied with the quality of business contacts	85	74	91	85

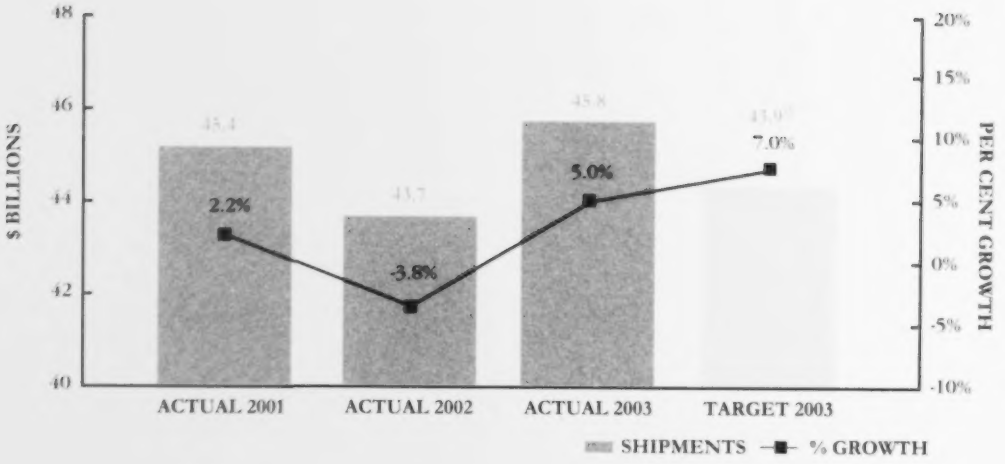
Source: Alberta Economic Development

- The department surveyed companies that were provided some form of assistance with an outgoing trade show or mission. Ninety-four per cent indicated the department was helpful to them in achieving their goals for the trade show or mission – very close to the target of 95 per cent. Ninety-one per cent of companies were satisfied with the quality of business contacts, exceeding the target of 85 per cent.

[1] These data are based on responses to a survey of organizations participating in 10 trade shows and missions during the year. The first data series indicates the percentage of respondents that stated the department was very helpful or somewhat helpful in assisting them to meet their main objectives. The satisfaction rating scale for this series includes three points (very helpful, somewhat helpful and not helpful). The second data series indicates the per cent of respondents that stated they were very satisfied or somewhat satisfied with the quality of business contacts. The satisfaction rating scale for this series included five points (very satisfied, somewhat satisfied, neutral, somewhat dissatisfied and very dissatisfied). Fifty-five organizations responded to the survey out of 88 that participated in trade shows or missions.

2.3 Manufacturing Shipments

Total annual value of all manufacturing shipments by Alberta companies to other provinces, countries and within Alberta

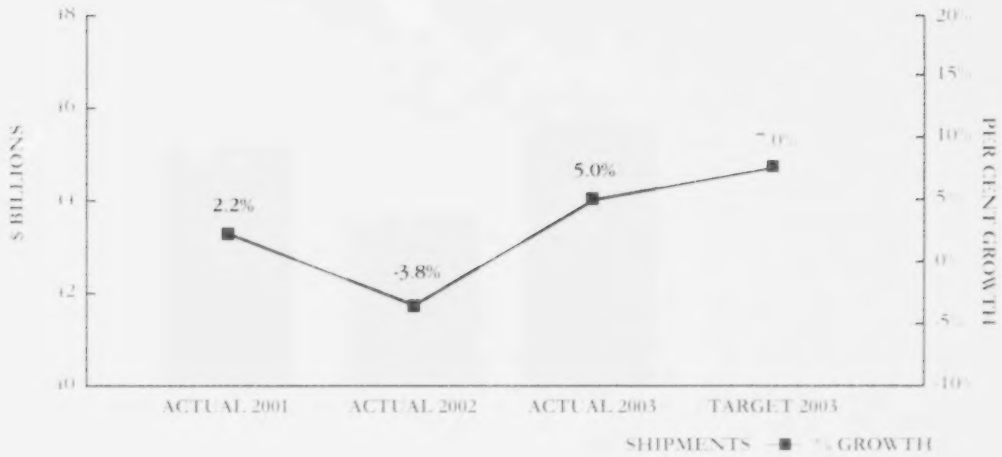


Source: Statistics Canada (Cat. No. 31-001).

Notes: A) Actual figures for 2001, 2002 and 2003 are based on the most current data as of June 2004.
B) Per cent growth figures are calculated from unrounded data.

- Although manufacturing shipments increased by 5.0 per cent in 2003, it was below the target growth rate of 7.0 per cent. This slower than expected growth can be attributed to the BSE crisis and the slowdown in information and communications technology, as shipments of food, computer and electronic products fell.

This figure appears in Economic Development's 2003-06 business plan. The data was later revised by Statistics Canada when more current data became available. However, the per cent growth target of 7.0 per cent is not affected by the revision.



- Although manufacturing shipments increased by 5.0 per cent in 2003, it was below the target growth rate of 7.0 per cent. This slower than expected growth can be attributed to the BSE crisis and the slowdown in information and communications technology, as shipments of food, computer and electronic products fell.

Goal Three:
Alberta is Viewed by Those in Our Primary Markets as an Attractive Place To Live, Visit, Invest and Do Business

The third goal focuses on the marketing function of the department, whether it is marketing Alberta as an investment location or a tourist destination.

KEY ACHIEVEMENTS

Key achievements for the third goal demonstrate the department's effectiveness in promoting the Alberta Advantage. Many people are discovering that Alberta has excellent investment opportunities and tourist destinations. Tourists, in particular, are finding the information they need – especially from TravelAlberta.com – to plan their holidays in Alberta, and are satisfied with the counselling they receive from visitor information centres.

OBJECTIVE	KEY ACHIEVEMENTS
Increase Alberta's share of visitors and revenue from targeted Canadian and international tourism markets	• Developed and partnered with others to deliver tourism marketing programs for Alberta. More than 140 projects were undertaken nationally and internationally and 60 within the province, all of which met co-operative marketing guidelines. A key partnership was developed with All Nippon Airways (ANA) for special charter flights, improving air access into Alberta. • Launched a tourism marketing recovery program including: the Northern Tier Campaign in the Pacific Northwest US, a newspaper drop in San Francisco and Seattle parallel with the Canadian Tourism Commission campaign, an enhanced in-province campaign and a recovery plan for the Alberta ski market for the Canadian, US and European markets. The in-province campaign encouraged Albertans – as well as residents of Saskatchewan and eastern British Columbia – to vacation in Alberta. These campaigns were developed to offset potential market fallout from the Iraq war and SARS and to combat anticipated competition from Toronto and Saskatchewan.

OBJECTIVE	KEY ACHIEVEMENTS
Increase Alberta's share of visitors and revenue from targeted Canadian and international tourism markets...cont'd	• Delivered a new tourism marketing workshop entitled "Selling Alberta: Building Strategies for Partnering, Packaging and the Travel Trade." Over 250 participants took part in the workshops held in Grande Prairie, Edmonton, Jasper, Red Deer, Calgary and Lethbridge. • Enhanced Travel Alberta's Web site and undertook an intensive e-marketing campaign, which increased the number of online visitors to more than 590,000. • Launched an on-line tourism image database. The database, which currently has 1,600 images, supports marketing in Alberta's tourism industry and is used nationally and internationally. • Published and distributed the Alberta Vacation Guide, and distributed the Accommodation and Campground Guides on behalf of the Alberta Hotel and Lodging Association. • Delivered enhanced training to the 10 Travel Alberta visitor information centres (VICs) and contact centre counsellors. Based on surveys conducted in 2003, over 98 per cent of visitors to the VICs and over 90 per cent of callers to the contact centre were satisfied with the service provided. • Increased integration of the Tourism Information System, a database providing detailed information about Alberta tourism products, with the TravelAlberta.com Web site. For example, "keyword search" functionality was further enhanced to provide better access to information on tourism operators, attractions and events. Interactive counselling tools on the Web site were also implemented.

OBJECTIVE	KEY ACHIEVEMENTS
Increase the awareness of Alberta to potential investors, including targeted companies, capital investors and economic immigrants (skilled workers and business entrepreneurs) in our primary markets	• Identified potential investment attraction candidates within priority industry sectors and geographic markets and undertook initiatives to increase awareness of Alberta among them. For example, a study of UK-based companies was undertaken to identify those companies with a higher probability of investing in Alberta. Potential US and European-based investors in the cabinetry, millwork and furniture industry were also targeted, based on market opportunity research. • Promoted priority industry sectors to Asian organizations that could supply venture capital investment. For example, two missions were undertaken to Japan, South Korea and Taiwan to promote investment in clean power, energy technology and petrochemicals from oil sands. • Led the two-year pilot project of the Alberta Provincial Nominee Program that provided Alberta with an additional 400 provincial nominees to address skill shortages being experienced by employers in this province. • Planned the province's participation in Emigrate 2004 to showcase Alberta to skilled immigrants and promote Alberta's Provincial Nominee Program.

PERFORMANCE MEASURES

Results and analysis of the performance measures related to the third goal are provided below. Tourism revenue was below target due to a combination of global problems (such as SARS) and regional factors (such as forest fires). Nevertheless, tourism information was accessed at a higher level compared to previous years – especially through TravelAlberta.com – indicating effective tourism marketing. Investment in manufacturing and service was down compared to previous years, reflecting global trends.

3.1 Tourism Industry Revenue

The annual value of all tourism industry revenues in Alberta. This includes expenditures made in Alberta by visitors from overseas, the United States, other Canadian provinces, and residents of Alberta

	Actual 2002	Estimate 2003	Target 2004
Total tourism revenue ($ billions)	5.4	4.4	5.2
Alberta revenue as a per cent of total Canadian tourism revenue	12	11	14

Source: Statistics Canada (Cat. Nos. 66-001 and 87-504-XPB)

- Tourism revenue for Alberta is estimated at $4.4 billion, well below the target of $5.2 billion. The impact of SARS, the war in Iraq, restructuring of Air Canada, BSE, forest fires, a weak global economy and strengthening of the Canadian dollar combined to reduce international tourism around the world. Alberta was affected by this downturn.

3.2 Share of Overnight Visitors

Alberta's market share of Canadian international overnight visitors from Europe, Asia Pacific and the United States

	Actual 2001	Actual 2002	Estimate 2003	Target 2003
Europe (per cent)	14.4	13.9	16.0	16.0
Asia-Pacific (per cent)	18.7	18.0	15.0	17.0
United States (per cent)	6.0	6.1	6.2	6.2

Source: Statistics Canada Cat. No. 66-001

- The share of overnight visitors from Europe and the United States increased in 2003 to reach the target. The share of visitors from Asia-Pacific declined, reflecting the impact of the SARS outbreak in several Asian countries and Toronto, BSE, and forest fires.

3.3 Tourism Industry Leveraging[1]

Industry partner's contribution to product marketing with Travel Alberta

	Actual 2001-02	Actual 2002-03	Actual 2003-04	Target 2003-04
In-Province Leveraging Ratio	1.7:1	1.7:1	1.5:1	1.5:1
National/ International Leveraging Ratio	2.9:1	4.1:1	2.6:1	2.5:1

Source: Alberta Economic Development

The estimates for 2003 are prepared using preliminary Statistics Canada data.

Industry leveraging measures the ratio of funding for tourism product marketing by the Alberta private sector to the department. For example, a ratio of 1.5:1 means "for every one dollar the department contributes, the private sector contributed 1.5 dollars."

Original data for in-province leveraging ratio and international/national leveraging ratio obtained from Partner Travel Marketing and Travel Alberta International Marketing, respectively.

- Both the in-province and the national/international leveraging ratios were at or above target in 2003-04. The national/international leveraging ratio for the 2002-03 fiscal year was a one-time response to ameliorate the impact of global crises such as SARS, the Iraq war and economic downturn in many of our primary markets.

3.4 Dissemination of Tourism Information[19]

Volume of information requests by telephone, facsimile, mail, e-mail, and Web site inquiries; and information packages mailed in response to these requests

	2001-02 Actual	2002-03 Actual	2003-04 Actual	2003-04 Target
Call centre telephone inquiries handled	90,328	74,004	58,706	76,000
Other methods of contact[20]	63,356	64,644	77,906	65,000
Number of tourism information packages distributed	102,096	91,699	97,043	90,000
Number of Web site visitor sessions	357,901	881,221	1,472,770	550,000

Source: Alberta Economic Development

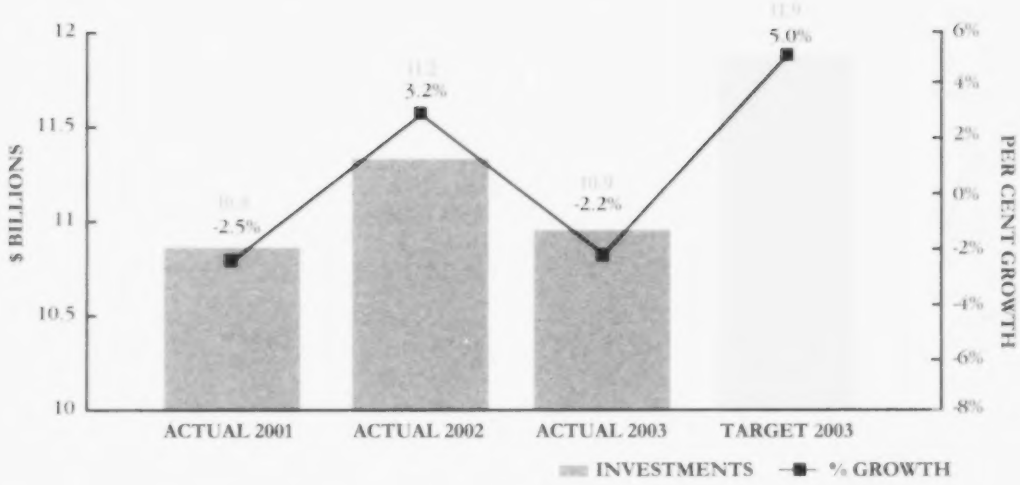
- Call centre inquiries declined and dropped below target as Albertans increasingly turned to the Internet as a source of tourism information. Other methods of contact and the number of tourism information packages distributed were above target. The number of Web site visitor sessions increased well over the target due to enhancements to the Web site combined with a successful e-marketing campaign.

[19] Data for call centre inquiries and information packages distributed is sourced from Alberta Inc. Prior year numbers have been revised as data is now calculated by calendar year rather than fiscal year to better coincide with the tourism seasons and planning cycle.

[20] Other methods of contact include facsimile, mail and e-mail.

3.5 Manufacturing and Service Industry Investment[1]

The value of new capital expenditures on construction, machinery and equipment in Alberta's manufacturing and service industries



- Manufacturing and service industry investment was below target at $10.9 billion in 2003. Investment in these broad sectors was affected by global declines in manufacturing and information technology.

3.6 *Effectiveness of International Offices*

	Actual 2001-02	Actual 2002-03	Actual 2003-04	Target 2003-04
Total number of business introductions	882	1,122	923	800
Total number of qualified trade and investment leads[22]	—	—	123	400
Per cent of client satisfaction with the services of international offices (biennial)[23]	87.4	92.5	—	—

Source: Alberta Economic Development

- The number of business introductions declined compared to the previous year, but remained above the target of 800. The number of qualified trade and investment leads declined, reflecting the requirement that business negotiations take place. A client satisfaction survey was not undertaken in 2003-04 as this is a biennial survey – which will be conducted again in 2004-05.

[22] For the 2003-04 fiscal year, the criterion for determining a "qualified trade and investment lead" was refined after the target was set. The new criterion required that a business negotiation had taken place, rather than requiring staff in the international office to assess whether there was a 50 per cent probability of a sale or investment. Since this criterion is more stringent, it likely impacted the results in a downward direction. Due to this refinement, data from previous years cannot be compared with 2003-04.

[23] Starting in 2003-04, this survey was conducted biennially in order to reduce respondent burden and maintain adequate response rates. The target as shown in Budget 2002 was 90 per cent.

SUMMARY

Alberta Economic Development contributed to its vision of Alberta as the best place in the world to live and do business in 2003-04 while staying within its budget of $54.9 million and supplementary estimate funding of $3.5 million. Key achievements have been identified that demonstrate substantial progress toward the goals and objectives outlined in the 2003-06 business plan. The department provided direction for economic development policy and planning, supported industry development, facilitated international trade, marketed Alberta tourism and promoted investment. Performance measure results support the conclusion that these efforts were effective. Although some of the measures were below target, primarily as a result of external factors, the majority of direct measures of the department's activities were above target.

FINANCIAL INFORMATION

FINANCIAL INFORMATION

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flow

Notes to the Financial Statements

Schedule of Revenues

Schedule of Expenses –
Directly Incurred Detailed by Object

Schedule of Budget

Schedule of Comparison of Expenses –
Directly Incurred by Element to Authorized Budget

Schedule of Salary and Benefits Disclosure

Schedule of Related Party Transactions

Schedule of Allocated Costs

AUDITOR'S REPORT

AUDITOR GENERAL *Alberta*

TO THE MEMBERS OF THE LEGISLATIVE ASSEMBLY

I have audited the statement of financial position of the Ministry of Economic Development as at March 31, 2004 and the statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn, FCA
Auditor General

EDMONTON, ALBERTA
MAY 21, 2004

MINISTRY OF ECONOMIC DEVELOPMENT

Statement of Operations

Year Ended March 31, 2004

(in thousands)

	2004		2003
	Budget	Actual	Actual
REVENUES (SCHEDULE 1) (SCHEDULE 3)			
Internal Government Transfers	$14,100	**$14,100**	$14,100
Transfers from Government of Canada	-	-	22
Other Revenue	150	**60**	211
	14,250	**14,160**	14,333
EXPENSES - Directly Incurred (NOTE 2b AND SCHEDULE 7)			
Voted (SCHEDULES 2 AND 4)			
Ministry Support Services	4,185	**3,958**	4,171
Strategic Intelligence	25,321	**28,248**	23,090
Positioning and Promoting	22,215	**22,683**	24,290
Strategic Economic Leadership	3,213	**3,182**	3,450
	54,934	**58,071**	55,001
Valuation Adjustments			
Provision for Vacation Pay	-	**129**	232
	54,934	**58,200**	55,233
Write down on Inventories Held for Sale	-	-	26
Net Operating Results	$(40,684)	**$(44,040)**	$(40,926)

The accompanying notes and schedule are part of these financial statements.

MINISTRY OF ECONOMIC DEVELOPMENT

Statement of Financial Position

As at March 31, 2004

(in thousands)

	2004	2003
ASSETS		
Cash	**$ 2,062**	$ 2,225
Accounts Receivable (NOTE 3)	**296**	285
Advances (NOTE 4)	**684**	603
Capital Assets (NOTE 5)	**-**	130
	$ 3,042	$ 3,243
LIABILITIES		
Accounts Payable and Accrued Liabilities	**$ 9,719**	$ 8,036
NET LIABILITIES		
Net Liabilities at Beginning of Year	**(4,793)**	(3,640)
Net Operating Results	**(44,040)**	(40,926)
Net Transfer from General Revenues	**42,156**	39,773
Net Liabilities at End of Year	**(6,677)**	(4,793)
	$ 3,042	$ 3,243

The accompanying notes and schedules are part of these financial statements.

Internal Government Transfers	$14,100	**$14,100**	$14,100
Transfers from Government of Canada	-	-	22
Other Revenue	150	**60**	211
	14,250	**14,160**	14,333
Ministry Support Services	4,185	**3,958**	4,171
Strategic Intelligence	25,321	**28,248**	23,000
Positioning and Promoting	22,215	**22,683**	24,290
Strategic Economic Leadership	3,213	**3,182**	3,450
	54,934	**58,071**	55,001
Valuation Adjustments:			
Provision for Vacation Pay	-	**129**	232
	54,934	**58,200**	55,233
Write down on Inventories Held for Sale	-	-	26
Net Operating Results	$(40,684)	**$(44,040)**	$(40,926)

Cash	$ 2,062	$ 2,225
Accounts Receivable (NOTE 4)	296	285
Advances (NOTE 4)	684	603
Capital Assets (NOTE 5)	-	130
	$ 3,042	$ 3,243
Accounts Payable and Accrued Liabilities	$ 9,719	$ 8,036
Net Liabilities at Beginning of Year	(4,793)	(5,640)
Net Operating Results	(44,040)	(40,926)
Net Transfer from General Revenues	42,156	39,773
Net Liabilities at End of Year	(6,677)	(4,793)
	$ 3,042	$ 3,243

MINISTRY OF ECONOMIC DEVELOPMENT

Statement of Cash Flow

Year Ended March 31, 2004

(in thousands)

	2004	2003
OPERATING TRANSACTIONS		
Net Operating Results	**$ (44,040)**	$ (40,926)
Non-cash items included in Net Operating Results:		
Amortization	**130**	254
Write Down of Inventories Held for Sale	**-**	26
Valuation Adjustments	**129**	232
	(43,781)	(40,414)
Decrease (Increase) in Accounts Receivable	**(11)**	55
Increase in Advances	**(81)**	(148)
Decrease in Inventories Held for Sale	**-**	2
Increase in Accounts Payable and Accrued Liabilities [a]	**1,554**	952
Cash provided by Operating Transactions	**(42,319)**	(39,553)
FINANCING TRANSACTIONS		
Net transfer from General Revenues	**42,156**	39,773
NET CASH USED	**(163)**	220
CASH, BEGINNING OF YEAR	**2,225**	2,005
CASH, END OF YEAR	**$ 2,062**	$ 2,225

The accompanying notes and schedules are part of these financial statements.

[a] Adjusted for valuation adjustments.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2004

Note One

AUTHORITY AND PURPOSE

The Ministry of Economic Development operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry of Economic Development's vision is ***Alberta is the best place in the world to live, visit and do business*** and its mission ***to facilitate business and community prosperity*** will be accomplished by continuing to build strong teams, partnerships, and alliances with Alberta businesses and communities in facilitating industry and trade development, investment attraction, and tourism.

We work to achieve our mission by concentrating on the following three core businesses:

1. Providing strategic policy, planning and intelligence for Alberta's economic sustainability,
2. Identifying market opportunities in targeted sectors for expansion, trade and industry development and
3. Facilitating the marketing and development of Alberta's tourism industry.

Note Two

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Ministry of Economic Development for which the Minister of Economic Development is accountable. The Department of Economic Development is the only reporting entity in the Ministry of Economic Development for the year ended

Note Two

continued...

March 31, 2004. The Ministry Annual Report provides a more complete picture of results achieved and of the responsibilities for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to/from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

REVENUES

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

INTERNAL GOVERNMENT TRANSFERS

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

EXPENSES

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- amortization of capital assets,
- pension costs which comprise the cost of employer contributions for current service of employees during the year and
- valuation adjustments represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 7.

Note Two

continued...

ASSETS

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for sale. Inventories held for sale are valued at lower of cost and estimated net realizable value.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000.

LIABILITIES

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their book values because of the short term nature of these estimates.

NET ASSETS/NET LIABILITIES

Net assets/net liabilities represents the difference between the carrying value of assets held by the Ministry and its liabilities.

FOREIGN CURRENCY TRANSACTIONS

The Ministry uses the temporal method to translate foreign currency transactions as follows:

- Monetary items are translated at the rate of exchange in effect at the balance sheet date; and
- Expense items and non-monetary items are translated at the rate of exchange in effect in the period they occur.

Note Three

ACCOUNTS RECEIVABLE

(in thousands)

	2004			2003
	GROSS AMOUNT	**ALLOWANCE FOR DOUBTFUL ACCOUNTS**	**NET REALIZABLE VALUE**	NET REALIZABLE VALUE
Accounts Receivable	**$ 296**	**$ -**	**$ 296**	$ 285

Note Four

ADVANCES

(in thousands)

	2004	2003
	NET REALIZABLE VALUE	NET REALIZABLE VALUE
Travel and Other Advances	**$ 684**	$603

Note Five

CAPITAL ASSETS

(in thousands)

		2004			2003
	ESTIMATED USEFUL LIFE	**COST**	**ACCUMULATED AMORTIZATION**	**NET BOOK VALUE**	NET BOOK VALUE
Equipment	5 Years	**$ 433**	**$ 433**	**$ -**	$ 30
Computer Hardware and Software	3 Years	**537**	**537**	-	100
		$ 970	**$ 970**	**$ -**	**$ 130**

Note Six

COMMITMENTS

(in thousands)

As at March 31, 2004, the Ministry has the following commitments:

	Total	Grants	Contracts
2005	$15,572	$ 626	$14,946
2006	$13,116	$ 105	$13,011
2007	$ 400	$ 50	$ 350
2008	$ 400	$ 50	$ 350
2009 & thereafter	$ 550	$ 200	$ 350

Note Seven

CONTINGENCIES
(in thousands)

As at March 31, 2004, there were no claims or possible claims involving the Ministry. (2003 – one legal claim for $ 8,300).

Note Eight

PAYMENTS UNDER AGREEMENT
(in thousands)

The Ministry has entered into an agreement to deliver programs and services that are partially funded by motion picture industry stakeholders. Costs incurred under this agreement are made by the Ministry under the authority of the *Financial Administration Act*, Section 25. Accounts receivable includes $1 (2003 - $ Nil) relating to payments under agreement.

Amounts paid and payable under the agreement with the motion picture industry stakeholders are $6 (2003 - $ Nil).

Note Nine

OTHER BUSINESS RELATIONSHIPS
(in thousands)

(a) Travel Alberta International (TAI)

The Ministry has an agreement with Travel Alberta International Inc. (TAI), a not-for-profit Corporation jointly owned by Economic Development Edmonton and Calgary Convention and Visitors Bureau, to carry out international tourism marketing on behalf of the Ministry. The nature of this arrangement, which expires March 31, 2006, is such that the Ministry exercises significant influence over the strategic operating, investing and financing activities of TAI. During the year the Ministry acquired tourism marketing services totalling $9,464 (2003 – $7,996) from TAI, of which $1,689 (2003 – $1,507) was payable to TAI as at March 31, 2004. These amounts are included in the Ministry's financial statements under the element "International Marketing" (Schedule 4).

(b) The Business Link Business Service Centre

The Business Link Business Service Centre (the "Centre") is incorporated as a not-for-profit organization under Part 9 of the Companies Act. Its mission is to deliver business information and information related assistance to entrepreneurs in the Province

Note Nine

(in thousands) continued...

of Alberta, and reduce service overlap and duplication among its members. The members of the Centre consist of representation from the Province of Alberta and the Government of Canada, which share control of decisions related to the financial and operating policies of the Centre. During the year the Ministry contributed $587 (2003 – $574) towards the Centre's operations. These amounts are included in the Ministry's financial statements under the element "Regional Development" (Schedule 4). Additionally, $127 (2003 – $127) was incurred by the Ministry of Infrastructure to support accommodation costs of the Centre.

(c) CAPC

Effective February 2004, the Province of Alberta renewed the agreement with the China National Petroleum Corporation (CNPC), for a further five-year period, expiring in February 2009, to jointly operate and manage the CNPC-Alberta Petroleum Centre (CAPC) located in Beijing, Peoples Republic of China. The main purpose of the CAPC is to promote the transfer of advanced petroleum and environment related science and technology between CNPC and Alberta. The CAPC Board of Directors includes up to eight Alberta directors appointed by the Province of Alberta and up to 10 CNPC appointed directors. As at March 31, 2004, the province had appointed seven Alberta directors to the CAPC Board. During the year, the Ministry contributed $636 (2003 – $651) towards operations and training programs, and $90 (2003 – $87) towards upgrading the Centre's equipment. These amounts are included in the Ministry's financial statements under the element "International Trade Representation" (Schedule 4).

Note Ten

DEFINED BENEFIT PLANS
(in thousands)

The Ministry participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,526 for the year ended March 31, 2004 (2003 – $1,260).

At December 31, 2003, the Management Employees Pension Plan reported a deficiency of $290,014 (2002 – deficiency $301,968) and the Public Service Pension

Note Ten

(in thousands) continued...

Plan reported an actuarial deficiency of $596,213 (2002 – $175,528). At December 31, 2003, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $9,312 (2002 – actuarial surplus $6,472).

The Ministry also participates in two multiemployer Long Term Disability Income Continuance Plans. At March 31, 2004, the Bargaining Unit Plan reported an actuarial deficiency of $9,766 (2003 - $14,434) and the Management, Opted Out and Excluded Plan reported an actuarial surplus of $1,298 (2002 - actuarial deficiency of $3,053). The expense for these two plans is limited to employer's annual contributions for the year.

Note Eleven

COMPARATIVE FIGURES

Certain 2003 figures have been reclassified to conform to the 2004 presentation.

Note Twelve

APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

Revenues

Year Ended March 31, 2004

SCHEDULE 1

(in thousands)

	2004		2003
	(Budget)	Actual	Actual
INTERNAL GOVERNMENT TRANSFERS			
Transfers from the Lottery Fund	$14,100	**$14,100**	$14,100
	14,100	**14,100**	14,100
TRANSFERS FROM GOVERNMENT OF CANADA			
Western Economic Partnership Agreement	-	-	22
	-	-	22
OTHER REVENUES			
Refund of Expenditure	-	**54**	193
Other Revenue	150	**6**	18
	150	**60**	211
Total Revenues	$14,250	**$14,160**	$14,333

SCHEDULE TO THE FINANCIAL STATEMENTS

Expenses–Directly Incurred Detailed by Object

Year Ended March 31, 2004

SCHEDULE 2

(in thousands)

	2004		2003
	Budget	Actual	Actual
VOTED			
Salaries, Wages and Employee Benefits	$18,694	**$20,164**	$19,112
Supplies and Services	33,023	**30,786**	30,012
Grants	3,001	**6,925**	5,552
Financial Transactions and Other	71	**66**	71
Amortization of Capital Assets	145	**130**	254
Total Voted Expenses	$54,934	**$58,071**	$55,001
STATUTORY			
Valuation Adjustments			
Provision for Vacation Pay	$ -	**$ 129**	$ 232

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

Budget

Year Ended March 31, 2004

SCHEDULE 3

(In thousands)

	2003-2004 Estimates	Additional supplementary	2003-2004 Approved Budget
REVENUES:			
Internal Government Transfers	$14,100	$ -	$14,100
Other Revenues	150	-	150
	14,250	-	14,250
EXPENSES - DIRECTLY INCURRED:			
Voted Expenses			
Ministry Support Services	4,185	-	4,185
Strategic Intelligence	25,321	3,500	28,821
Positioning and Promoting	22,215	-	22,215
Strategic Economic Leadership	3,213	-	3,213
	54,934	3,500	58,434
	$(40,684)	**$(3,500)**	**$(44,184)**

Supplementary Estimate approved December 4, 2003

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

Comparison of Expenses–Directly Incurred by Element to Authorized Budget

SCHEDULE 4

Year Ended March 31, 2004 *(in thousands)*

					2003-2004 Actual Expenses	
EXPENSE:						
1. Ministry Support Services						
1.0.1	Minister's Office	$ 311	$ -	$ 311	**$ 317**	$ (6)
1.0.2	Deputy Minister's Office	367	-	367	**347**	20
1.0.3	Corporate Services	3,161	-	3,161	**2,983**	178
1.0.4	Communications	346	-	346	**311**	35
		4,185	-	4,185	**3,958**	227
2. Strategic Intelligence						
2.1	*Trade Development*					
2.1.1	Operations	362	-	362	**401**	(39)
2.1.2	International Trade Representation (NOTE 9)	6,366	-	6,366	**5,934**	432
2.1.3	Trade Development and Relations	6,631	3,500	10,131	**9,920**	211
		13,359	3,500	16,859	**16,255**	604
2.2	*Industry and Regional Development*					
2.2.1	Operations	296	-	296	**299**	(3)
2.2.2	Industry Development	3,601	-	3,601	**3,586**	15
2.2.3	Regional Development (NOTE 9)	3,418	-	3,418	**4,033**	(615)
		7,315	-	7,315	**7,918**	(603)
2.3	*Tourism Development*					
2.3.1	Tourism Development Branch	2,045	-	2,045	**1,505**	540
2.4	*Information Management and Dissemination*					
2.4.1	Information Management and Dissemination	2,602	-	2,602	**2,570**	32
		25,321	3,500	28,821	**28,248**	573

Comparison of Expenses–Directly Incurred by Element to Authorized Budget...continued

SCHEDULE 4

	2003-2004 Estimates	Supplementary Estimate	2003-2004 Authorized Budget	2003-2004 Actual Expenses [1]	Unexpended (Over Expended)
3. Positioning and Promoting					
3.1 Tourism Marketing					
3.1.1 Travel Alberta Secretariat					
- Operating Expense	400	-	400	**395**	5
- Operating Expense funded by Lotteries	900	-	900	**900**	-
3.1.2 In-Alberta/Regional Marketing					
- Operating Expense	750	-	750	**1,473**	(723)
- Operating Expense funded by Lotteries	2,200	-	2,200	**2,200**	-
3.1.3 International Marketing (NOTE 9)					
- Operating Expense	3,350	-	3,350	**2,571**	779
- Operating Expense funded by Lotteries	7,500	-	7,500	**7,835**	(335)
3.1.4 Tourism Destination Regions					
- Operating Expense	100	-	100	-	100
- Operating Expense funded by Lotteries	800	-	800	**600**	200
	16,000	-	16,000	**15,974**	26
3.2 Tourism Services					
3.2.1 Alberta Image Promotion					
- Operating Expense	420	-	420	**468**	(48)
- Operating Expense funded by Lotteries	400	-	400	**400**	-
3.2.2 Research					
- Operating Expense	225	-	225	**622**	(397)
- Operating Expense funded by Lotteries	200	-	200	**200**	-
3.2.3 Visitor Support Services					
- Operating Expense	755	-	755	**977**	(222)
- Operating Expense funded by Lotteries	2,100	-	2,100	**1,965**	135
	4,100	-	4,100	**4,632**	(532)

Comparison of Expenses–Directly Incurred by Element to Authorized Budget...continued

SCHEDULE 4

					2003-2004 Actual Expenses [2]	Unexpended (Over Expended)
3.3	*Investment and Trade Promotion*					
3.3.1	Investment Attraction	1,444	-	1,444	**1,390**	54
3.3.2	Trade Promotion	360	-	360	**334**	26
3.3.3	Alberta Film Office	311	-	311	**353**	(42)
		2,115	-	2,115	**2,077**	38
		22,215	-	22,215	**22,683**	(468)
4.	**Strategic Economic Leadership**					
4.0.1	Policy and Economic Analysis	1,887	-	1,887	**1,706**	181
4.0.2	Performance Management / Strategic Planning	1,021	-	1,021	**1,196**	(175)
4.0.3	Alberta Economic Development Authority Operations	305	-	305	**280**	25
		3,213	-	3,213	**3,182**	31
		$54,934	$3,500	$58,434	**$58,071**	$363
TOTAL BY PROGRAM						
Ministry Support Services		4,185	-	4,185	**3,958**	227
Strategic Intelligence		25,321	3,500	28,821	**28,248**	573
Positioning and Promoting		22,215	-	22,215	**22,683**	(468)
Strategic Economic Leadership		3,213	-	3,213	**3,182**	31
		54,934	3,500	58,434	**58,071**	363
Program Operating Expense		40,834	3,500	44,334	**43,971**	363
Program Operating Expense funded by Lotteries		14,100	-	14,100	**14,100**	-
		$54,934	$3,500	$58,434	**$58,071**	$363
STATUTORY EXPENSES						
Valuation Adjustments		$ -	$ -	$ -	**$ 129**	$ (129)

[1] Supplementary Estimates were approved on December 9, 2003.

[2] Includes achievement bonus of $662,092.

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

Salaries and Benefits Disclosure

Year Ended March 31, 2004

SCHEDULE 5

	2004				2003
	Base Salary[1]	**Other Cash Benefits**[2]	**Other Non-cash Benefits**[3]	**Total**	Total
Deputy Minister[4]	**$151,789**	**$25,402**	**$43,868**	**$221,059**	$252,173
Other Executives:					
Assistant Deputy Minister, Tourism and Industry	**128,364**	**20,417**	**31,265**	**180,046**	175,383
Assistant Deputy Minister, Investment and Trade	**117,891**	**18,852**	**28,710**	**165,453**	165,440
Executive Director, Policy and Economic Analysis	**109,059**	**16,113**	**23,973**	**149,145**	135,330
Executive Director, Strategic Planning[5]	**80,999**	**4,088**	**19,645**	**104,732**	137,886
Senior Financial Officer	**87,086**	**10,578**	**19,123**	**116,787**	108,952

1 Base salary includes pensionable base pay.

2 Other cash benefits include bonuses, vacation and lump sum payments.

3 Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and mileage.

4 Automobile provided from December 2003, no dollar amount included in other non-cash benefits figures.

5 The position was vacant from December 15, 2003 to March 7, 2004.

SCHEDULE TO THE FINANCIAL STATEMENTS

Related Party Transactions

Year Ended March 31, 2004

SCHEDULE 6

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry. The Ministry and its employees paid or collected certain fees and charges set by regulation. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2004	2003	2004	2003
REVENUE:				
Transfer from the Lottery Fund	**$ -**	$ -	**$14,100**	$14,100
EXPENSES:				
Alberta Corporate Service Centre (ACSC)	**$ -**	$ -	**$ 1,972**	$ 1,944
Other services	**-**	-	**209**	231
	$ -	$ -	**$ 2,181**	$ 2,175

Related Party Transactions...continued

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 7.

	Entities in the Ministry		Other Entities	
	2004	2003	**2004**	2003
EXPENSES – INCURRED BY OTHERS:				
Accommodation	**$-**	$-	**$5,745**	$5,606
Other services	**-**	-	**60**	60
	$-	$-	**$5,805**	$5,666

The Ministry also had transactions with three entities over whom it exercises significant influence. These amounts are recorded in the Ministry's Statement of Operations and disclosed in Note 9.

The Ministry receives services under contracts managed by the Ministry of Government Services (ACSC). Any commitments under these contracts are reported by the Ministry of Government Services (ACSC).

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

Allocated Costs

Year Ended March 31, 2004

SCHEDULE 7

(In thousands)

	2004					2003
		Expenses Incurred by Others		Valuation Adjustment		
PROGRAM	Expenses	Accommodation Costs	Audit Services	Vacation Pay	Total Expenses	Total Expenses
Ministry Support Services	$ 3,958	$ 718	$ 8	$ 2	$ 4,686	$ 4,857
Strategic Intelligence	28,248	3,412	1	86	31,747	26,605
Positioning and Promoting	22,683	1,136	28	(12)	23,835	25,472
Strategic Economic Leadership	3,182	479	23	53	3,737	3,965
	$58,071	**$5,745**	**$60**	**$129**	**$64,005**	$60,899

Expenses Directly Related to Capital Expenditures (including disposal, depreciation and write-down of tangible capital assets) $0 $0

OTHER INFORMATION

TABLE 1
TRADE SHOWS AND MISSIONS

EVENTS	ACHIEVEMENTS
Association of Film Commissioners International Trade Show 2003 *Santa Monica, California* *April 10–14, 2003*	Promoted Alberta as a potential shooting location for production decision makers. This show is the largest locations show in the world for the film industry and attracts major producers and production companies from around the world.
Ministerial led Mission to Washington *Washington, DC* *April 23–25,2003*	Coordinated an outbound mission to Washington, DC, for Minister Mark Norris. Minister Norris met with influential US decision makers to discuss issues such as energy policy, country of origin labelling for food products, softwood lumber, border security and Alberta's role in the rebuilding of Iraq. He also met with the US President's Council of Economic Advisors and participated in a panel discussion about energy policy at a conference sponsored by the Council for National Policy.
Offshore Technology Conference *Houston, Texas* *May 1–10, 2003*	Promoted Alberta's capabilities in the oil and gas sector. Market intelligence on trends, exporting and other industry sectors was gathered and the development of partnerships for Alberta companies in targeted international markets was facilitated.
Technology Mission to the INTERZUM Furniture Hardware and Accessories Show *Cologne and Hanover, Germany* *May 21–31, 2003*	Gathered market intelligence, supported networking and identified new trends, products and designs to further enhance growth and competitiveness, and to increase the capacity of the kitchen manufacturing industry in Alberta.
Western Aerospace Alliance Conference 2003 *Moose Jaw, Saskatchewan* *June 4-6, 2003*	Gathered, analyzed and disseminated competitive market intelligence, business opportunities and industry knowledge for stakeholders in Alberta's aerospace sector. The capabilities of Alberta's aerospace industry were also showcased.
BIO 2003 *Washington, DC* *June 21 – 26, 2003*	Participated in the biotechnology industry's largest annual conference and trade show. Alberta business opportunities were showcased and Alberta companies' capabilities were promoted to potential partners, investors and employees.
Air and Waste Management Conference and Exhibition *San Diego, California* *June 24 – 27, 2003*	Facilitated and encouraged development, acquisition or application of business improvement practices and new technology. Industrial and competitive intelligence was provided to assist Alberta companies in becoming globally competitive.

EVENTS	ACHIEVEMENTS
Premier-led Mission to Washington and New York *Washington, DC and New York City, New York* *June 23-28, 2003*	Organized a Premier-led mission in conjunction with International and Intergovernmental Relations. In Washington, the Premier met with US Vice-President Dick Cheney, congressional and senate representatives and senior administration officials to discuss BSE, country of origin labelling and energy. In New York, the Premier met with Alberta gas users, gave a speech at the Union League Club and met with the Chief Operating Officer and senior officials of the New York Stock Exchange.
DFAIT Environmental Mission to Mexico and EnviroPro 2003 *Mexico City, Guadalajara and Monterrey, Mexico* *September 2–14, 2003*	Promoted Alberta interests in the environment sector, profiled Alberta's environmental capabilities and enhanced relationships between Alberta and Mexican counterparts.
Mission to China *Shanghai, Beijing, Hebei and Shaanxi, China* *September 14 – 30, 2003*	Increased awareness and information on opportunities for products in priority markets and supported increased forage exports to China and agri-food exports to Asia.
KIOGE 2003 *Kazakhstan and Russia* *October 2–14, 2003*	Gathered market intelligence on the business climate in Kazakhstan and Russia, strengthened relationships with key contacts in Russia and gathered intelligence on bank projects within targeted markets.
Western Canadian Energy Mission *Washington, DC and San Antonio, Texas* *October 5–12, 2003*	Partnered with Manitoba Trade and Investment, the Saskatchewan Trade and Export Partnership and 10 Western Canadian firms on this mission to the World Bank and Inter-American Development Bank. Opportunities were explored including consulting through direct contracts with the banks, as well as projects in developing countries receiving bank financing.
Ministerial Mission to San Jose, California and Houston, Texas *October 11–18, 2003*	Organized events to promote Alberta and British Columbia for Premier Ralph Klein and Premier Gordon Campbell. This mission created greater awareness of the Alberta Advantage, promoted opportunities for partnerships and alliances with Alberta's advanced technology sectors and continued development of venture capital alliances and interest in Alberta.

EVENTS	ACHIEVEMENTS
Remote Vehicle Technology (RVT) Conference and Trade Show *Calgary, Alberta* *October 21–23, 2003*	Organized Canada's first remote vehicle (RVT) conference and trade show, which brought together representatives from industry, research organizations, educational institutions and government to explore business opportunities, share ideas, establish partnerships and further research and education.
Ministerial Mission to California *Los Angeles, California* *October 29–30, 2003*	Promoted the "Alberta Film Advantage" and Alberta beef on a two-day mission to Los Angeles. The mission highlighted the advantages of Alberta's diverse locations, experienced crews, production facilities and competitive costs. Minister Norris met with senior executives at some of the largest production companies in Hollywood.
Ministerial Trip to Europe *London, U.K., Paris, France and Berlin, Germany* *November 24 – December 2, 2003*	Increased awareness of Alberta within targeted European markets and officially opened Alberta's new international office in London. The mission promoted capabilities of export ready Alberta companies and collected and disseminated market intelligence. A special Alberta Film reception in London attracted more than 50 UK producers. The new office will promote Alberta as an excellent place to invest and support Alberta businesses selling products and services in the United Kingdom.
International Builders Show and Conference *Las Vegas, Nevada* *January 17–23, 2004*	Gathered market intelligence and identified new design trends, products and technologies to further enhance and diversify the growing building products sector in Alberta and to promote Alberta manufacturers in building products.
National Association for the Specialty Food Trade Winter Fancy Food Show *San Francisco, California* *January 18–20, 2004*	Explored business opportunities in the specialty food market, developed stronger contacts for current and future Alberta exporters and provided a venue for networking and developing contacts.
Canadian Oil and Gas Business Development Mission *Mexico City, Mexico* *February 15–21, 2004*	Gathered market intelligence, provided the opportunity to network, and developed business contacts. The focus of this mission was to match the capabilities of small to medium sized Alberta oil and gas service and equipment providers with mid-senior level procurement managers in Mexico.

EVENTS	ACHIEVEMENTS
AEC Systems *Orlando, Florida* *February 17–22, 2004*	Facilitated and encouraged the development, acquisition and application of business improvement practices and new technology to increase innovation within Alberta.
National Manufacturing Week *Chicago, Illinois* *February 23–28, 2004*	Promoted investment in Alberta's industrial machinery and equipment sector, provided a venue for networking and introduced the latest technology available in manufacturing.
Food and Hotel Show 2004 *Korea* *March 2–10, 2004*	Gathered strategic intelligence used to assist Alberta companies to find and develop export markets, showcased Alberta and increased business facilitation.
Energy Forum 2004 *Washington, DC* *March 6–10, 2004*	Provided opportunities to meet partners, clients and energy professionals worldwide to network and discuss issues related to innovative approaches to energy development and investment.
CeBIT *Germany* *March 13–21, 2004*	Showcased Alberta's capabilities, collected competitive intelligence on new technologies and identified international trade and partnering opportunities for export–ready Alberta businesses.
Immigration Showcase Germany *Germany* *March 15–17, 2004*	Promoted the Alberta Provincial Nominee Program and showcased Alberta. This event was a more direct approach to addressing skilled labour shortages in Alberta.
Emigrate 2004 *London, UK* *March 19–21, 2004*	Promoted the Alberta Provincial Nominee Program, showcased Alberta and attracted visitors interested in immigrating to Canada.

TABLE 2
ECONOMIC AND BUSINESS PUBLICATIONS

PUBLICATION	DESCRIPTION
Alberta Business Outlook	An outlook for the Alberta economy by sector.
Global Update	A snapshot of the economic outlook in Alberta, Canada and Alberta's major trading partners. It includes submissions provided by Alberta's international offices and by the department's sector teams.
Highlights of the Alberta Economy	An annual publication that compares Alberta's economic performance to other provinces and states and documents the advantages of locating or operating a business in Alberta.
Monthly Economic Review	A report on a variety of indicators related to the current performance of the Alberta economy.
Alberta's International Merchandise Exports	A quarterly report on Alberta's exports.
International Trade Review	A report on Alberta's annual exports, including profiles of importing countries.
Tourism Market Monitor	A monthly statistical report showing activity in a number of tourism indicators.
Inventory of Major Alberta Projects	A report that tracks major capital projects in Alberta (capital investment $2 million and up); proposed, under way or recently completed.
Inventory of Alberta Regional Projects	A report that tracks capital projects in Alberta outside of major urban centres (capital investment of less than $2 million); proposed; under way or recently completed.
Facts on Alberta	An investment attraction handbook on Alberta that contains detailed information about Alberta's economy, infrastructure and lifestyle.
2003 Place-to-Place Price Comparison Survey for Selected Alberta Communities	A survey conducted every two years comparing cost-of-living type prices in selected Alberta communities to those in Edmonton. The 2003 survey collected data on 35 communities.

TABLE 3
TOURISM RESEARCH

PUBLICATION	DESCRIPTION
A Look at the Market for Travel to Alberta in West Coast US Markets	A study that explores the recent travel patterns and attitudes of travellers from West Coast (US) Metropolitan Regions and the image of Alberta as a destination by these travellers.
Mexico Tourism Potential for Alberta	A report that identifies the market potential for increased visitation from Mexico and activities for Alberta to undertake to realize this potential.
Quebec Market Potential Study	A study that determines the potential for increasing travel to Alberta by residents of Quebec. It discusses factors that would encourage travel to Alberta from this market, as well as the challenges that need to be addressed.
A Study of the Best Practices of Golf Course Marketing Consortia	A study that examines 10 golf marketing consortia groups in North America and overseas and provides best practices in marketing of these groups for Alberta golf operators.
Air Traveller Security Charge Monitoring Report	A report that quantifies the impact of the Air Travellers Security Charge (ATSC) on the national air travel market.
Alberta Residents' Travel Intentions Reports	Information on Alberta residents' leisure travel intentions prior to the summer and winter seasons, focused on intended travel within Alberta. The results profile travel activity in each of Alberta's six Tourism Destination Regions.
Tourism Operator Surveys	Survey data providing an outlook for Alberta's tourism industry based on comments and observations gathered from tourism owners/operators.
Summaries of Visitor Numbers, Revenue and Characteristics	Comprehensive visitor statistics for Alberta based on Statistics Canada data. Reports number of visitors, lists Alberta's major non-resident markets by origin, reason for trip, expenditures in Alberta and the purpose of the entire trip.
Alberta Tourism Market Monitor	A monthly summary of travel, accommodation and employment statistics.

ALPHABETICAL LIST OF ENTITIES' FINANCIAL STATEMENTS IN MINISTRY 2003-04 ANNUAL REPORTS

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Agriculture Financial Services Corporation[1]	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Dairy Control Board[2]	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta[1]	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy

[1] The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation effective April 1, 2003. Dissolved August 11, 2003.

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[2]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development

[1] Ministry includes only the departments so separate department financial statements are not necessary.

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Persons with Developmental Disabilities Boards	Community Development
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
Provincial Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation	Community Development

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan – Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan – Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment